



CALPEEK

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ENERGY & POLITICS: PUC INKS RESCUE PLAN PACT WITH SCE. NO DEAL ON REPAYING GENERAL FUND.

Editor's note: There's good news and bad news for Calif. Gov. Gray Davis on the energy front. The good news is that So. Calif. Edison(SCE) has worked out a rescue plan with the Calif. PUC which seems to satisfy the key parties – thus far. The bad news is that Davis and his handpicked PUC Chair Loretta Lynch are still at odds on how best to repay Calif.'s general fund. Here's our update & analysis...

...The SCE rescue first. The PUC and SCE announced a deal Oct. 2nd. It was an outgrowth of a lawsuit filed by SCE against the PUC in U.S. Court. No legislative approval is needed and sources think this plan can't or won't be put on the ballot. Under the pact, SCE agreed to drop its legal action; will use cash on hand and other assets to pay off its debt; and the current rates stay in place (in other words, SCE will use a part of the payment from customers to pay off its debt). And Edison will not pay stock dividends for two years. If the debt still has not been paid off by 2004, the PUC can order Edison to continue to withhold dividends. Sources wonder why it took the PUC so long to come up with this plan. They say this deal could have been put together 6 months ago. Politically, it's a big win for Davis, Lynch, the PUC and SCE...

...While *Team Davis* may be thanking Lynch and the PUC for the SCE rescue deal, the governor is still on a collision course with the PUC chair over a bond deal to repay the State's General Fund. A brief recap: under AB 1X, money from the general fund was used earlier this year to purchase about \$8 billion in power for cash-strapped SCE and PG&E. Had the State not done this, odds are high the lights would have been turned off. The proposed \$12.5 billion in bonds (the plan is authored by CA Treasurer Phil Angelides) will replenish the general fund. The bonds will be repaid by IOU utility ratepayers...

...Lynch doesn't like Angelides' plan. Her gripe: the high cost of the new, long term energy contracts the State has signed with power firms. Some of the contracts are more expensive than current energy prices and when ratepayers

repay the bonds, it will undoubtedly cost more. Instead, Lynch favors a bond plan authored by Senate Pres. John Burton(D). His bill SB 18XX is now on Davis' desk. It's another complex bond bill, but Burton says his solution will be better for ratepayers. Angelides doesn't think so and right now Gray is listening to Phil...

...And just to show their displeasure with the Angelides plan, on Oct. 2nd the PUC voted 4-1 to hold up the sale of \$12.5 billion in revenue bonds. The governor's official response to the PUC vote: "irresponsible." By holding up the bonds, Lynch and her PUC allies may have put the State onto very shaky fiscal ground, according to some sources. Because of the general economic downturn (even prior to Sept. 11th), the state was facing a \$3-4 billion shortfall for next year. If the general fund isn't made whole by June 30, 2002, the deficit could jump by another \$6-7 billion. That's why some kind of bond deal is critical. Stay tuned...

CAMPAIGN 2002: AS CALIF. GOPers PREPARE FOR OCT. 27 CONVENTION, POLITICS ENTERS NEW ERA

Editor's note: The Calif. Republican Party(CRP) will hold a 1-day convention Oct. 27th at the Westin Hotel (LAX). The convention was originally set for Sept. 14-16, but the events of Sept. 11th obviously required a postponement. In the next few weeks leading up to the CRP convention, we'll focus on the GOP primary campaign for governor. Here's our report & analysis...

...Political pundits are still trying to figure out what the overall impact of Sept. 11th will mean to U.S. politics. Here in Calif., statewide politics have been on hold ever since America's other Day of Infamy. But at the local level, things seem to be returning to normal. For the CRP, now free of an internal struggle over reforming party rules, getting back to normal means finally holding this convention to ratify those changes – and most importantly getting money to flow once again into the CRP's bank account. We'll know more about the CRP's fiscal standing in a few weeks when new reports are released, but Calpeek sources say Calif. Republican Party is not in great shape...

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...Had the tragic events of Sept. 11th not taken place, the CRP's convention might have been a political reporter's dream come true. All three GOP gubernatorial candidates would have been there for 3 days doing their number and disobeying Ronald Reagan's 11th Commandment. The candidate who really needed the news media exposure out a 3-day convention was and is CA Sec. of State Bill Jones. The 3-day gathering would have given Jones ample opportunity to really go after former L.A. Mayor Richard Riordan in a way which might have caused Riordan to think twice about entering what promises to be a real GOP primary slugfest. And such publicity would undoubtedly have aided Jones in the one area where he can't compete with either Riordan or L.A. businessman Bill Simon Jr.: *fundraising*. Riordan and Simon could both write a check today to cover an entire cost of a primary campaign...

...But with a one day event – no way will there be the kind of news media coverage or fireworks between the candidates. Better to save the high power ammo for another day. But don't think Riordan and Simon are sorry. A one day event means fewer chances to be hit by Jones or to screw up in front of political reporters...

...Regardless, all three are delighted with a new Field Poll (Sept. 7-10 among 722 registered voters). It shows Gov. Gray Davis' job approval at only 41% vs. 47% disapprove. (This part of the poll was among adults, not voters). In terms of Davis' reelect number, only 43% of all voters are inclined to vote for Davis again vs. 50% who are not inclined. Even Davis' Demo base is not that great: 61% reelect vs. 32% not inclined. Of course this survey was taken prior to Sept. 11th...

...In a 3-way GOP primary battle among Riordan, Simon and Jones, the Field Poll shows it this way:

	<u>Statewide</u>	<u>No. Calif.</u>	<u>So. Calif.</u>
Riordan	46%	24%	60%
Jones	19%	27%	14%
Simon	5%	9%	3%
Undecided	30%	40%	23%

...In the one-on-one matches, Gov. Davis takes both Jones (46% to 34%) and Simon (49% to 30%), but Riordan is actually leading Davis statewide by a 45% vs. 42% margin, with 13% undecided. In L.A. County, Riordan leads Davis by a 47% to 43% margin, with 10% undecided. And among Davis' Demo base, Riordan pulls 20%. Why is Riordan doing so well against Davis? Riordan is not and never has been a partisan GOPer. That's part of his appeal to both moderate Demos and independents. It makes him a great

general election candidate, but this strength could work against Riordan in a GOP primary...

...FYI: Although he might show up at the CRP convention to help Riordan, savvy GOP spin MD Dan Schnur officially resigned from the Riordan exploratory effort. He was hired to help find other operatives for Riordan's campaign. It was hoped he might stay on to spin for Riordan. The really big problem that Riordan has is that neither consultants Wayne Johnson nor Kevin Spillane know Riordan all that well. In fact, there's really only one GOP consultant around who really knows Riordan: Arnold Steinberg. So why isn't Arnie aboard the Riordan campaign? Sources believe he was close to signing a deal with Riordan, only to see Riordan back away. Stay tuned...

CAMPAIGN 2002: SIGNATURES FOR AN INITIATIVE TO EXTEND CALIF. TERM LIMITS HAS BEEN FILED.

Editor's note: Supporters of an initiative which would allow Calif. Assembly and State Senate members to extend their terms in office have turned in their signatures. An earlier Calpeek report noted supporters were shooting for 1 million signatures. Here's our update, with some new polling numbers by Mervin Field...

...The official title of this particular constitutional amendment is Legislative Term Limits. Local Voter Petitions. The committee told Calpeek in mid-September that it expected to turn in about 1.0 million signatures by Oct. 1st. The actual number submitted was 1,062,490. It will take the various 58 county registrars several weeks to run the random count, but sources expect this initiative to qualify. Santa Monica-based Progressive Campaigns handled the petition drive...

...Reaction to the turn in of petitions from U.S. Term Limits was predictable. This pro-term limit DC-based group said of the effort, "This term limits extension measure is the politicians latest and most dishonest scam we've seen to try and undo voter supported term limits." The original Prop. 130 was approved by Calif. voters in 1990. Under 130, members of the Assembly are given 3 terms (6 years) and Senators are given 2 terms (8 years). Under this new plan, Assemblymembers could get another 2 terms, while senators could get 1 more term. In order to get the extra time, lawmakers would need to collect signatures of 20% of the voters in their district. Not all that easy – but not difficult for well funded lawmakers who have solid grassroots support...

...If in fact this term limit plan gets on the ballot, it won't be all that easy to pass, despite the fact that supporters may

have a good-sized war chest (\$5-10 million is the estimate Calpeek sources are mentioning). The new Field Poll shows support for this initiative at 50% vs. 44% opposed and 6% undecided. This poll was taken Sept. 7-10 among 722 registered voters. Even though a majority of Demos supported Prop. 140, today Demos have a change of heart. They support the new initiative by a 56% to 39% margin. GOPers are holding firm against this proposal: 51% against vs. 41% in favor. Stay tuned...

CONDIT WATCH: POLLING NOT GOOD NEWS FOR CONGRESSMAN, BUT CONDIT MAY RUN ANYWAY.

Editor's note: A new Field Poll as well as some private polling done for DC-based Demos show U.S. Rep. Gary Condit(D) in deep trouble. But according to a story in the L.A. Times on Oct. 3rd, Condit consultant Richie Ross says the 53-year-old Demo is gearing up for a reelection bid. Here's our report & analysis...

...Ross told the L.A. Times that Condit began collecting 3,000 signatures Oct. 1st – this would be signatures in lieu of a filing fee of \$1,451. In addition, news reports indicate Condit has his DC condo on the market. If he's running, what's that all about? A confusing picture to say the least. But if Condit runs...

...The immediate impact would see Condit running against his former best friend and former top staffer, Assemblyman Dennis Cardoza(D-26), who has been in political limbo ever since the Condit/Levy affair became cable/tabloid headlines and threw the 18th CD up for grabs. Cardoza had planned to run for the 12th SD, but for some time has been urged by DC Demos to consider a run for the 18th CD – even if Condit seeks reelection. Sources tell Calpeek that since late September Cardoza has been leaning strongly in that direction and will probably run against Condit...

...Could Cardoza defeat Condit in a Demo primary? Calpeek sources confirm that a private poll taken for DC Demos mirror the results of the new Field Poll. This particular poll was taken in late September among 500 likely voters in the new 18th CD. This survey shows Condit's reelection number at only 28%. And in a 1-on-1 Demo primary Cardoza beats Condit 56% to 27%. Sources believe that in a Condit vs. Cardoza primary, the field would be cleared of other Demos. Assuming all this is correct, and Calpeek thinks it is, it will pit Ross(Condit)against Sacto consultant David Townsend (Cardoza)...

...How do 18th CD voters feel about Condit seeking another term? The Field Poll question was put this way: *Is it a good/bad thing if Gary Condit does not seek reelection next*

year? Crazy way to word that question, but essentially it means that among Condit's 18th CD voters, it's 57% don't run vs. 24% run again (19% n/o). Among those voters who did support Condit in 2000, 49% think he should retire vs. 36% who think he should run again...

...If Condit seeks reelection, Levy will undoubtedly be the focal point of attacks against the Ceres Democrat. The Field Poll question: Is Condit telling all he knows about the disappearance of Levy – or is he holding something back? Among Statewide voters, it's 16% he's told them everything vs. 67% he's holding back. In the 18th CD, it's 24% (told everything) vs. 53% (holding back). And a solid majority of Statewide voters, as well as 18th CD voters think Levy is dead. Statewide it's 69%...

...The Field Poll shows only one thing positive for Condit: his job performance. Among voters in the 18th CD, it's 53% approve vs. 18% disapprove (29% no opinion). Among those who voted for Condit in 2000, he gets a job approval rating of 80% vs. 12% disapprove. In other words, those who know him best don't necessarily like his behavior, but they do like his voting record and his constituent work...

...FYI: In the 12th SD, Stanislaus Co. Deputy DA Larry Morse(D) has formed a committee and plans to run here. In addition, former Demo Assemblyman Rusty Areias and current Assemblyman Simon Salinas(D) are also testing the waters. And so is former Assemblyman Peter Frusetta(R). It may be a Demo district, but the Condit factor could make the situation very fluid and ripe for an upset. As for the 18th CD, the newest GOP name to surface as a possible candidate is Stockton Mayor Gary Podesta – an ally of BOE member Dean Andal(R). Already running on the GOP side are State Sen. Dick Montieth and Modesto Councilman Bill Conrad. Stay tuned...

CALPEEK'S CONSULTANTS DIRECTORY ON SALE

Calpeek's 2001-02 Directory of Campaign Consultants is off the press and ready for sale. There are about 300 listings in the Directory. Cost is \$30. Checks only. No credit cards and no invoicing. The Directory will only be sold via subscription to current Calpeek subscribers. Send payment with your name, address, etc. (please type or print clearly) to Calif. Political Week or Calpeek, P.O. Box 1468, Beverly Hills, CA 90213...

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CALPEEK'S CALENDAR OF POLITICAL EVENTS

Oct. 9-12	Regional Council of Rural Counties, annual conference, Tenaya Lodge, Mariposa Co.
Oct. 14	Last day for Gov. Davis to sign bills.
Oct. 23	Runoff election, L.A. City Council Dist. #4.
Oct. 26	13 th annual VICA Business Forecast Conf. at Warner Center Marriott Hotel.
Oct. 27	CRP Convention – Westin LAX Hotel.
Oct. 29	Calif. candidate declaration of intent for 2002.

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Wachs Resigns L.A. Council Job** – As previously announced, 30-year L.A. Council vet Joel Wachs has resigned to take a job as head of a NY-based art foundation. The L.A. Council has set Dec. 11th for a primary. Thus far three candidates have filed for the 2nd council district: Assemblyman Tony Cardenas(D), businessman James P. Cordaro and DreamWorks exec. Wendy Greuel. Greuel and Cardenas are considered the frontrunners. Demo activist Lyn Shaw has apparently decided not to run. Oct. 5th is the last day candidates had to file declaration of intent papers...

■ **Consultant Selected for ACA 4 Campaign** – The official title of ACA 4 is *Transportation Fund: Sales and Use Tax Revenue*. The YES committee for passage of ACA 4 has selected Burlingame-based Woodward & McDowell to run the campaign. ACA 4 is only the 2nd measure to qualify for the Mar. 5, 2002 ballot. ACA 4 mandates that all sales and use tax on gasoline and other fuels be used for transportation purposes beginning in 2003. It's about \$1.5 billion per year...

■ **MALDEF Sues Over Remapping** – As expected, the Mexican American Legal Defense & Educational Fund has filed a lawsuit to overturn the CA Legislature's remapping plans for both the State Senate and U.S. House seats. MALDEF did not seek to overturn the Assembly remapping plans. Gov. Gray Davis(D) recently signed all four remapping bills. MALDEF's key complaint with the U.S. House plan centers on CDs now represented by U.S. Rep. Howard Berman(D), Brad Sherman(D) and Bob Filner(D). Funny thing is that 23 of 26 Latino legislators voted for the plans. Is it just possible that MALDEF is out of sync with Latino legislators and voters? Berman perhaps said it best in the *L.A. Times*: "For 30 years in public office I have not merely voted for, but have led the legislative battles to enact issues of importance to the Latino community. I guess for MALDEF, it's more about skin color and

ethnicity than the philosophy and the quality of representation." FYI: In looking back at Calpeek's first story about reapportionment (June 25th), we noted that the big brouhaha wouldn't be a case of GOPers vs. Demos, but Latinos vs. other Demos...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● A sad note: June Oppen Degnan, 83, died Sept. 14th at her S.F. home. She was well-known in State and U.S. Demo Party circles in the 60s & 70s. In 1971 she was treasurer of the CA Demo Party. R.I.P...

● L.A. Councilwoman Ruth Galanter has named city hall vet Niki Tennant as her new chief of staff...

● Gov. Davis has appointed Edward S. Alameida as the Director of the Dept. of Corrections. Alameida has been with the department for 28 years...

● The L.A. office of Fleishman-Hillard has hired L.A. City Hall vet Hilary Norton Orozco as a VP. She was most recently a VP with the Central City Assn...

● The L.A. office of Burson-Marsteller has hired savvy political spin MD Elena Stern as a p/a director, handling the firm's political media outreach programs in Calif...

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